



## State of Utah

### Department of Natural Resources

MICHAEL R. STYLER  
*Executive Director*

### Division of Oil, Gas & Mining

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

August 1, 2005

Weston Hansen  
Quality Building Stone, Inc.  
993 West 14730 South  
Bluffdale, Utah 84065

Subject: Complete Notice of Intention to Commence Small Mining Operations and Approval of Form and Amount of Reclamation Surety, Quality Building Stone, Inc., Italian Tan Mine, S/007/038, Carbon County, Utah

Dear Mr. Hanson:

On July 22, 2005, the Division received your Reclamation Contract and \$12,500 Letter of Credit issued by Far West Bank for the Italian Tan mine site. On July 26, 2005, the Division Director formally approved the reclamation surety. Copies of the fully signed and executed documents are enclosed for your files. The surety will be reviewed periodically to assure that the bond remains adequate. **You may commence with your mining operations as outlined.**

The acceptance of this notice and surety is for a small mining operation only, **not to exceed five (5) acres**. You are not authorized to disturb beyond the five acres without first amending your notice, adjusting the bond amount and receiving written acceptance from this office. If you wish to expand to a large mine status, approval typically takes up to six to twelve months or longer. Please allow the appropriate lead time to complete the permitting.

The Division hereby approves your request for a variance from reclamation requirements for a road leading to the top of the knoll where the power lines are located. This is in accordance with a request from the property owner, Utah Railway. All other roads will need to be reclaimed.

For your reference, I have enclosed copies of our summarized rules regarding "Operation and Reclamation Practices," and the statutory penalty for failure to reclaim a minesite (SMO-summary). (The mining rules in their entirety can be obtained at <http://www.rules.utah.gov/>.) Please give special consideration to item #10 of the "Operation and Reclamation Practices." Stockpiling topsoil material prior to beginning your mining operation will help ensure successful revegetation efforts upon final reclamation of the minesite. If the area being mined is a solid rock outcrop, or if the land surface is very rocky, then soil stockpiling is probably not possible. However, even the

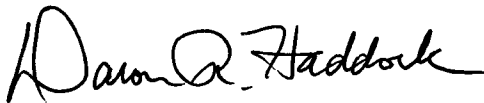
Page 2 of 2  
Weston Hansen  
S/007/038  
August 1, 2005

first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future regulatory release from reclamation requirements.

We have received Utah Division of State History notification that no historic properties should be affected by this operation. **Please be advised that if you encounter any archaeological or historical concerns, you are to immediately cease operations and notify this office and the Division of State History of your find.**

If you have questions or concerns regarding this letter, please contact me at (801) 538-5258 or Paul Baker at 538-5261. Best wishes with your new mining venture.

Sincerely,

*for*   
Susan M. White  
Mine Program Coordinator  
Minerals Regulatory Program

SMW:PBB:jb  
Attachment: SMO summary  
Enclosure: Copy of RC & surety forms  
O:\M007-Carbon\S0070038-Italian Tan\final\apvl-NOI&surety.doc

FORM MR-RC  
Revised May 9, 2005  
RECLAMATION CONTRACT

File Number S/007/038

Effective Date July 28, 2005

Other Agency File Number n/a

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940



**RECEIVED**

**JUL 22 2005**

**RECLAMATION CONTRACT**

---ooOoo---

**DIV OF OIL GAS & MINING**

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) S/007/038  
(Mineral Mined) Building Stone

"MINE LOCATION":  
(Name of Mine) Italian Tan  
(Description) Just east of the Martin Train Yard at the mouth of Hardscrabble Canyon in Helper, Carbon County, Utah

"DISTURBED AREA":  
(Disturbed Acres) 5 Acres  
(Legal Description) (Refer to Attachment A)

"OPERATOR":  
(Company or Name) Quality Building Stone, Inc.  
(Address) 993 West 14730 South  
Bluffdale, Utah 84065  
  
(Phone) (801) 255-2911

**COPY**

**"OPERATOR'S REGISTERED AGENT":**

Name)  
(Address)

(Phone)

**Velina K. Miller**  
**993 West 14730 South**  
**Bluffdale, Utah 84065**  
**(801) 255-2911**

"OPERATOR'S OFFICER(S)" & TITLE:

J. Weston Hansen, Director  
Velina K. Miller, President and Director  
Patricia Jensen, Secretary/Treasurer and  
Director

**SURETY":**

**(Form of Surety - Attachment B)**

## Letter of Credit

**"SURETY COMPANY":**

(Name, Policy or Acct. No.)

## Far West Bank

**"SURETY AMOUNT":**

(Escalated Dollars)

\$12,500

## "ESCALATION YEAR":

2006

"STATE":

State of Utah

**"DIVISION":**

## Division of Oil, Gas and Mining

**"BOARD":**

Board of Oil, Gas and Mining

**ATTACHMENTS:**

A "DISTURBED AREA":  
B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Quality Building Stone the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. S/007/038 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division; to assure reclamation of the Disturbed Area.



NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Reclamation Plan and/or Notice of Intention received by the Division on June 23, 2005. The Reclamation Plan and/or Notice of Intention, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:



Quality Building Stone, Inc.

Operator Name

By Weston Hansen

Authorized Officer (Typed or Printed)

Director

Authorized Officer - Position

Weston Hansen

Officer's Signature

7/22/005

Date

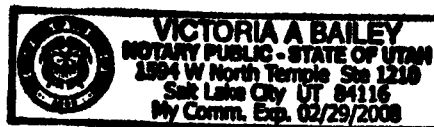
STATE OF Utah )

COUNTY OF SALT LAKE ) ss:

On the 22 day of July, 2005, Weston J. Hansen personally appeared before me, who being by me duly sworn did say that he/she is the Director of Quality Building Stone, Inc. and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Weston J. Hansen duly acknowledged to me that said company executed the same.

Clifford A. Bailey  
Notary Public  
Residing at SALT LAKE CITY, UT

February 29, 2008  
My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

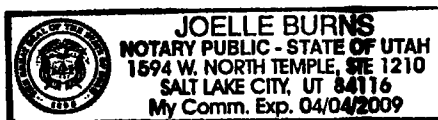


By John R. Baza  
John R. Baza, Director

Date 7/28/05

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 28<sup>th</sup> day of July, 2005, John R Baza  
personally appeared before me, who being duly sworn did say that he, the said  
John R Baza is the Director of the Division of Oil, Gas and Mining,  
Department of Natural Resources, State of Utah, and he duly acknowledged to me that  
he executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns  
Notary Public  
Residing at: SLC Utah

April 4. 2009  
My Commission Expires:



ATTACHMENT "A"



Quality Building Stone, Inc.  
Operator

Italian Tan  
Mine Name

S/007/038  
Permit Number

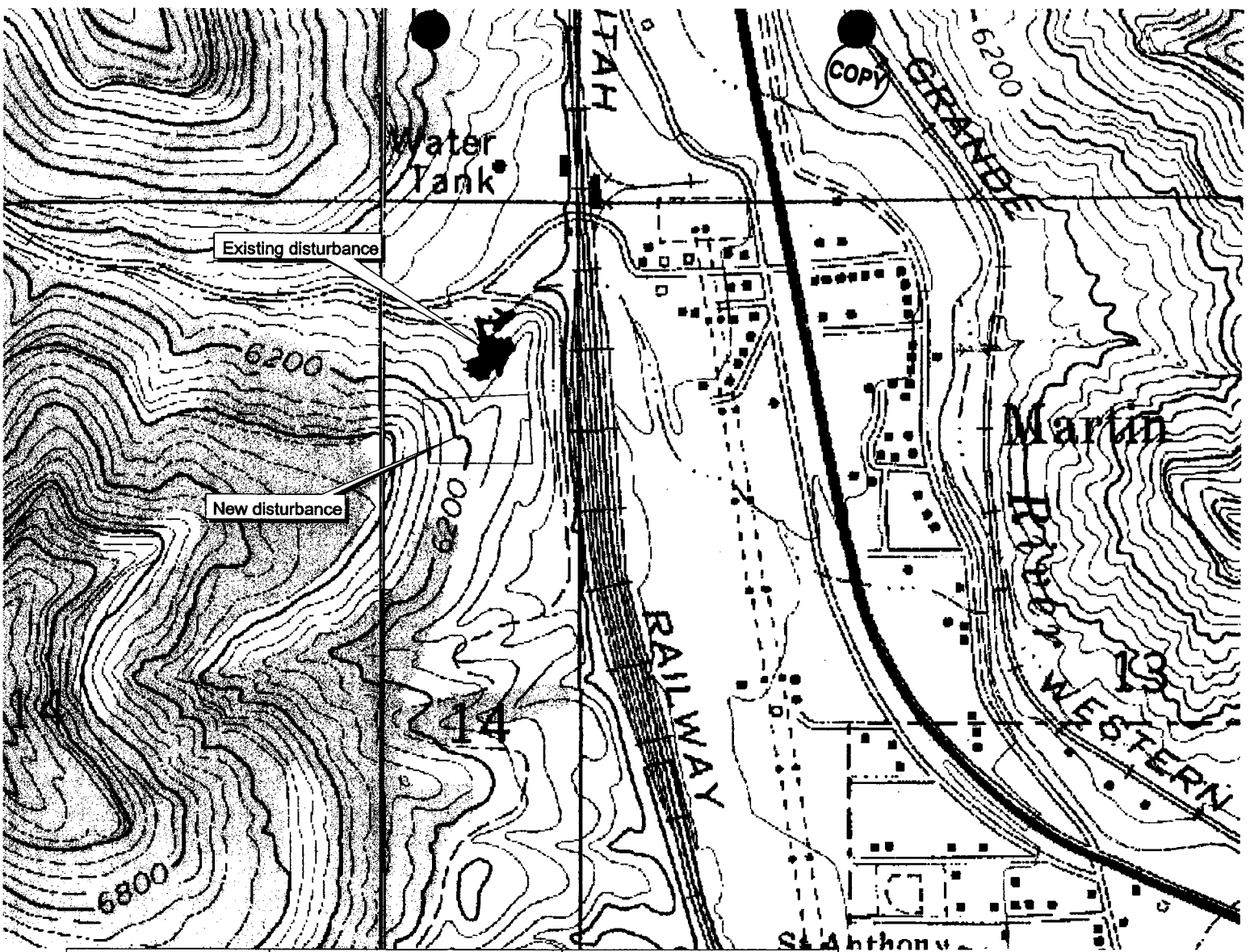
Carbon County, Utah


**LEGAL DESCRIPTION**

*Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.*

**The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 5 acres under the approved / accepted permit and surety, as reflected on the attached map labeled Attachment C and dated June 23, 2005 :**

Portions of:  
NE $\frac{1}{4}$  NE $\frac{1}{4}$  Section 14, Township 13 South, Range 9 East, SLBM




 Dept. of Natural Resources  
 Division of Oil, Gas & Mining  
 Mineral Lease Program  
  
 Different data sources and input scales  
 may cause misalignment of data layers.  
 This product may not meet DDCM  
 standards for accuracy and content.

200 0 200 400 Feet

Scale 1:8000  
 Contour Interval: 40 feet



Mine Number: S/007/038  
 Mine Name: Italian Tan  
 Township 13 S Range 9 E Section 14 SLBM  
 Site is on the Helper Quad

Drafted by PBB

JUNE 23 2005

Attachment C

# **FAR WEST BANK**

Consumer Loan Department

S/007/038

RECEIVED

JUL 22 2005

DIV OF OIL GAS & MINING



Letter of Credit No. 6 \_\_\_\_\_

Date: July 13, 2005

UTAH DIVISION OF OIL, GAS, AND MINING  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

and

Far West Bank  
201 E Center  
Provo, Utah 84606

and

Quality Building Stone, Inc.  
993 West 14730 South  
Bluffdale, Utah 84065

Gentlemen and Ladies:

1. Far West Bank ("Surety") of Provo, Utah, hereby establishes this irrevocable letter of credit in favor of the Utah Division of Oil, Gas, and Mining ("Division") for an aggregate amount not to exceed \$12,500.00 (twelve thousand five hundred dollars) in United States dollars effective immediately.

2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 p.m. (Salt Lake City time) on July 6, 2006, or (b) the date upon which sufficient documents are executed by the Division to release Quality Building Stone, Inc. ("Operator") from further liability for reclamation of the Italian Tan Quarry, S/007/038 with notice to Bank or Surety by the Division accompanied by the original Letter of Credit with directions for cancellation.

3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Surety gives notice to the Division 90 days prior to the expiration date that the Surety elects not to renew the Letter of Credit.


4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. 6 \_\_\_\_\_ delivered to the office of the Surety, 201 E Center, Provo, Utah, 84606. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.



5. If the Surety receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Surety will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Surety's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. The Surety will give prompt notice to the Operator and to the Division Director of any notice received of action filed alleging the insolvency or bankruptcy of the Surety, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Surety's charter or license to do business.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

8. All communications regarding this Letter of Credit will be addressed to the Surety, 201 East Center, Provo, Utah, 84606, referencing Letter of Credit No. 

Very truly yours,

Far West Bank



By: H. Don Norton-President



**EXHIBIT A - SIGHT DRAFT**

**To: UTAH DIVISION OF OIL, GAS, AND MINING**

**Letter of Credit Number**

_____	_____	_____
Date	City, County	Letter of Credit No.
_____		
PAY TO THE ORDER OF: _____ Utah Division of Oil, Gas, and Mining		
_____ DOLLARS		

To: FAR WEST BANK  
201 E CENTER  
PROVO, UTAH 84606

Utah Division of Oil, Gas, and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

By: \_\_\_\_\_  
Authorized Signature



## EXHIBIT B

To: UTAH DIVISION OF OIL, GAS, AND MINING

Letter of Credit Number 01-541372-7

I, \_\_\_\_\_ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$12,500.00, by sight draft accompanying this certificate, under Letter of Credit No. 01-541372-7 dated July 14, 2005, issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas, and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of Letter of Credit No. 01-541372-7 in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorneys fees, for the Italian Tan Quarry, S/007/038.

The Utah Division of Oil, Gas, and Mining

By: \_\_\_\_\_  
Authorized Signature

Date: \_\_\_\_\_